

**WOODSTOWN-PILESGROVE REGIONAL
SCHOOL DISTRICT**

Woodstown, New Jersey

**Auditor's Management Report on Administrative
Findings, Financial, Compliance and Performance
For the Year Ended June 30, 2015**

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE

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Tax ID #21-6000355

REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Woodstown-Pilesgrove Regional School District
County of Salem, New Jersey

We have audited, in accordance with generally accepted audit standards and Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the general purpose financial statements of the Board of Education of the Woodstown-Pilesgrove Regional School District in the County of Salem for the year ended June 30, 2015, and have issued our report thereon dated December 14, 2015

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Woodstown-Pilesgrove Regional School District Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



Samuel A. Delp, Jr.
Public School Accountant #745
Triantos & Delp, CPA, LLC
Certified Public Accountants

December 14, 2015

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
REPORTING

Scope of Audit

The audit covered the financial transactions of the Board Secretary and Treasurer of School Moneys, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Frank Rizzo	Board Secretary/School Business Administrator	\$200,000.
James R. Hackett	Treasurer	\$220,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23-3.1(f)3.

Unemployment Compensation Insurance Fund

The Board of Education has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Fund as an expendable trust fund.

The Unemployment Compensation Insurance Fund was in satisfactory condition.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

An examination of claims paid during the period under audit did not indicate any material noncompliance with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary. Salary withholdings were promptly remitted to the proper agencies.

The Payroll Account records were in satisfactory condition.

Reserve for Encumbrances, Liability, (Current) for Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C.* 6A:23-2.2(g) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C.* 6A:23A-2.4. As a result of the procedures performed, a transaction error rate of 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

- A. General Classifications
None
- B. Administrative Classifications
None

Board Secretary/Business Administrator's Records

Our review of the financial and accounting records maintained by the Board Secretary/Business Administrator disclosed that the records were maintained in good order.

Treasurer's Records

Our review of the records of the Treasurer revealed no findings.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as Re-authorized by the No Child Left Behind Act of 2001.

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I and Title II of the Elementary and Secondary Education Act as amended.

The study of compliance for the E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

SCHOOL PURCHASING PROGRAM

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

- a. Any purchase, contract or agreement for the performance of any work or the furnishing or hiring of materials or supplies, the cost or price of which, together with any other sums expended or foreseeably to be expended for the performance of any work or services in connection with the same project or the furnishing of similar materials or supplies during the same fiscal year paid with or out of school funds, does not exceed the total sum of \$7,500 or the amount determined pursuant to subsection b. of this section, in the fiscal year or, in the case of purchases that are not annually recurring, in a period of one year may be made, negotiated and awarded by a contracting agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore.
- b. Commencing January 1, 1983 and every two years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount set forth in subsection a. of this section in direct proportion to the rise or fall of the consumer price index for all urban consumers in the New York City and Philadelphia area as reported by the United States Department of Labor. The Governor shall notify all local school districts of the adjustment. The adjustment shall become effective on July 1 of the year in which is it reported.

N.J.S.A. 18A:18A-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price thereof is to be paid with or out of school funds, not included within the terms of N.J.S.A. 18A:18A-3, shall be made and awarded only by the board of education after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or calculated by the Governor pursuant to N.J.S.A. 18A:18A-3 except by contract or agreement."

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300.

The board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

SCHOOL PURCHASING PROGRAM (Cont'd)
Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposits.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed.

Finding 2015-01:

Meals claimed did not agree with the meal count records resulting in an under claim, as detailed on the Schedule of Meal Count Activity.

Recommendation:

Prior to submitting reimbursement claims to the NJ Department of Agriculture, the meals claimed should be verified to the meal count activity records and Edit Check Worksheets.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meals and free milk policy were reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Service employees authorized by the board of education. No exceptions were noted.

Food Distribution Program commodities were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G, of the Comprehensive Annual Financial Report (CAFR).

Student Body Activities

The Student Activity Fund cash receipts and cash disbursements records were maintained in satisfactory condition.

Finding 2015-02:

Not all cash disbursements had proper supporting documentation. (*N.J.A.C. 6A:23A-16.12*)

Recommendation:

Proper supporting documentation should be maintained for all cash disbursements.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income, and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms or their equivalent.

The district has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2014-2015 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Follow-Up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings.

Acknowledgment

We received the complete cooperation of all the officials of the school district and I greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,



Samuel A. Delp, Jr.
Licensed Public School Accountant, #745
Triantos & Delp
Certified Public Accountants, LLC

December 14, 2015

Schedule of Meal Count Activity

WOODSTOWN-PILES GROVE REGIONAL SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Program	Meal Category	Meals Claimed	Meals Tested	Meals Verified	Difference	Rate	(Over)/Under Claim
National School Lunch (Regular Rate)	Paid	66,766	13,317	13,604	287	\$0.28	\$ 80.36
	Reduced	9,653	1,898	1,936	38	2.58	98.04
	Free	<u>37,563</u>	<u>7,609</u>	<u>7,744</u>	<u>135</u>	2.98	402.30
HHKFA	Total	<u>113,982</u>	<u>22,824</u>	<u>23,284</u>	<u>460</u>	0.06	<u>27.60</u>
Total							<u>\$ 107.96</u>
Program	Meal Category	Meals Claimed	Meals Tested	Meals Verified	Difference	Rate	(Over)/Under Claim
National School Breakfast (Regular Rate)	Paid	643	107	107	0	\$ 0.28	\$ 0.00
	Reduced	456	68	70	2	1.32	2.64
	Free	<u>3,771</u>	<u>652</u>	<u>665</u>	<u>13</u>	1.62	21.06
	Total	<u>4,870</u>	<u>827</u>	<u>842</u>	<u>15</u>		<u>\$ 23.70</u>
National School Breakfast (Severe Needs Rate)	Paid	781	173	173	0	\$ 0.28	\$ 0.00
	Reduced	414	80	80	0	1.63	0.00
	Free	<u>4,196</u>	<u>904</u>	<u>904</u>	<u>0</u>	1.93	0.00
	Total	<u>5,391</u>	<u>1,157</u>	<u>1,157</u>	<u>0</u>		<u>\$ 0.00</u>
Total Net Underclaim							<u>\$ 131.66</u>

Schedule of Meal Count Activity

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - STATE
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Program	Meal Category	Meals Claimed	Meals Tested	Meals Verified	Difference	Rate	(Over)/Under Claim
National School Lunch (Regular Rate)	Paid	66,766	13,317	13,604	287	\$0.040	\$ 11.48
	Reduced	9,653	1,898	1,936	38	\$0.055	2.09
	Free	37,563	7,609	7,744	135	\$0.055	7.43
	Total	<u>113,982</u>	<u>22,824</u>	<u>23,284</u>	<u>460</u>		<u>21.00</u>
Total Net Underclaim							<u>\$ 21.00</u>

WOODSTOWN-PILEGROVE REGIONAL BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2014

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool	26	26		5	5		1	1		1	1	
Full Day Kindergarten	23	23		5	5							
One	17	17		4	4		1	1		1	1	
Two	20	20		7	7		2	2		2	2	
Three	22	22		7	7							
Four	18	18		4	4							
Five	24	24		9	9							
Six	26	26		10	10		1	1		1	1	
Seven	23	23		15	15		1	1		1	1	
Eight	22	22		12	12		1	1		1	1	
Nine	14	14		9	9		1	1		1	1	
Ten	23	23		12	12		1	1		1	1	
Eleven	15	15		9	9							
Twelve	273	273	0	108	108	0	9	9	0.0	9	9	0
Subtotal												
Special Ed - Elementary	33	33		23	23		1	1		1	1	
Special Ed - Middle	34	34		19	19							
Special Ed - High	25	25		25	25							
Subtotal	92	92	0	67	67	0	1	1	0.0	1	1	0
Co. Voc. - Regular	365	365	0	175	175	0	10	10	0.0	10	10	0
Co. Voc. Ft. Post Sec.												
Totals												
Percentage Error			0.00%						0.00%			0.00%

Transportation

	Reported on DTRRS by DOE/county			Reported on DTRRS by District			Errors			
	Reported	Tested	Verified	Reported	Tested	Verified	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	363.0	363.0	144.0	144.0	144.0	144.0	0.0	0.0	0.0	0.0
Reg. - Sp. Ed., col. 4	70.5	69.5	28.0	28.0	28.0	28.0	1.0	0.0	0.0	0.0
Transported - Non-Public, col. 3	27.0	27.0	11.0	11.0	11.0	11.0	0.0	0.0	0.0	0.0
Special Ed Spec, col. 6	38.5	37.0	16.0	16.0	16.0	16.0	1.5	0.0	0.0	0.0
Totals	499.0	496.5	199.0	199.0	199.0	199.0	2.5	0.0	0.0	0.0
Percentage Error			0.50%				0.00%			

Reported Recalculated
 4.4 4.4
 If Applicable
 6.5 6.5

Reg Avg. (Mileage) = Regular Including Grade PK students (Part A)
 Reg Avg. (Mileage) = Regular Excluding Grade PK students (Part B)
 Spec Avg. = Special Ed with Special Needs

WOODSTOWN-PIESGROVE REGIONAL BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2014

	Resident LEP NOT Low Income Reported on	Workpapers as A.S.S.A. as NOT Low Income	Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool							
Full Day Preschool							
Half Day Kindergarten							
Full Day Kindergarten							
One							
Two							
Three							
Four							
Five							
Six							
Seven							
Eight							
Nine							
Ten							
Eleven							
Twelve							
Subtotal	0	0	0	0	0	0	0
Special Ed - Elementary							
Special Ed - Middle							
Special Ed - High							
Subtotal	0	0	0	0	0	0	0
Co. Voc. - Regular							
Co. Voc. Ft. Post Sec.							
Totals	0	0	0	0	0	0	0
Percentage Error				0.00%			0.00%

WOODSTOWN-PILES GROVE REGIONAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2015

SECTION 1

A: 2% Calculation of Excess Surplus:

2014-2015 Total General Fund Expenditures per the CAFR Exhibit C-1	<u>\$ 24,847,631. (B)</u>
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>449. (B1a)</u>
Transfer from Capital Reserve to Capital Projects Fund	<u>0. (B1b)</u>
Transfer from General Fund to SRF for Pre-K-Regular	<u>0. (B1c)</u>
Transfer from General Fund to SRF for Pre-K-Inclusion	<u>0. (B1d)</u>
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>2,262,657. (B2a)</u>
Assets Acquired Under Capital Leases	<u>46,936. (B2b)</u>
Adjusted 2014-2015 General Fund Expenditures (B)+(B1s)-(B2s)	<u>\$ 22,538,487. (B3)</u>
2% of Adjusted 2014-2015 General Fund Expenditures (B3) x.02	<u>\$ 450,770. (B4)</u>
Enter Greater of (B4) or \$250,000.	<u>450,770. (B5)</u>
Increased by: Allowable Adjustment*	<u>192,526. (K)</u>
Max. Unassigned/Undesignated-Unreserved Fund Balance (B5)+(K)	<u>\$ 643,296. (M)</u>

SECTION 2:

Total General Fund - Fund Balances at June 30, 2015 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 649,679. (C)</u>
Decreased by:	
Year-End Encumbrances	<u>28,123. (C1)</u>
Legally Restricted-Designated for Subsequent Year's Expenditures	<u>0. (C2)</u>
Legally Restricted-Excess Surplus-Designated for Subsequent Year's Expenditures **	<u>0. (C3)</u>
Other Restricted Fund Balances****	<u>18,930. (C4)</u>
Assigned Fund Balance - Unreserved-Designated for Subsequent Year's Expenditures	<u>500,000. (C5)</u>
Total Unassigned Fund Balances [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>102,626. (U1)</u>

WOODSTOWN-PIESGROVE REGIONAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2015

SECTION 3:

Restricted Fund Balance-Excess Surplus ^{***} [(U)-(M)] IF NEGATIVE ENTER 0	<u>\$ 0.</u> (E)
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Recapitulation of Excess Surplus as of June 30, 2015

Restricted Excess Surplus-Designated for Subsequent Year's Expenditures **	<u>0.</u> (C3)
Reserved Excess Surplus ^{***} (E)	<u>0.</u> (E)
Total Excess Surplus [(C3)+(E)]	<u>\$ 0.</u> (D)

Detail of Allowable Adjustments

Impact Aid	<u>\$ 0.</u> (H)
Sale & Lease-Back	<u>0.</u> (I)
Extraordinary Aid	<u>182,210.</u> (J1)
Additional NonPublic School Transportation Aid	<u>10,316.</u> (J2)
Current Year School Bus Advertising Revenue Recognized	<u>0.</u> (J3)
Family Crisis Transportation Aid	<u>0.</u> (J4)
Total Adjustments (H)+(I)+(J1)+(J2)+(J3)	<u>\$ 192,526.</u> (K)

Detail of Other Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	<u>\$ 0.</u>
Sale/lease-back reserve	<u>0.</u>
Capital reserve	<u>1.</u>
Maintenance reserve	<u>18,929.</u>
Emergency reserve	<u>0.</u>
Tuition reserve	<u>0.</u>
School Bus advertising 50% Fuel Offset Reserve-current year	<u>0.</u>
School Bus advertising 50% Fuel Offset Reserve-prior year	<u>0.</u>
Impact Aid General Fund Reserve (Sections 8002 and 8003)	<u>0.</u>
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	<u>0.</u>
Other state/government mandated reserve	<u>0.</u>
(Other Restricted Fund Balance not noted above) ****	<u>0.</u>
Total Other Restricted Fund Balance	<u>\$ 18,930.</u> (C4)